



General Assembly

February Session, 2012

Raised Bill No. 348

LCO No. 1886

01886_____ENV

Referred to Committee on Environment

Introduced by:
(ENV)

AN ACT CONCERNING WATER CONSERVATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) (a) The Public Utilities
2 Regulatory Authority shall authorize rates for any water company, as
3 defined in section 16-1 of the general statutes, that promote water
4 conservation. Such rates may include: (1) Rate designs that promote
5 conservation including, but not limited to, incremental block rates,
6 seasonal rates, peak period rates and drought rates, (2) the
7 implementation of measures to provide timely price signals for
8 consumers, (3) multi-year rate plans, (4) measures to reduce system
9 water losses, and (5) funds for consumer programs that promote
10 conservation through education and incentives or rebates for the
11 retrofit of fixtures and appliances with water-efficient fixtures and
12 appliances.

13 (b) The authority shall initiate a generic docket to identify water and
14 energy conservation programs that, if implemented by water
15 companies pursuant to subsection (a) of this section, would be eligible
16 for recovery in a water company general rate case, provided the water

17 company demonstrates that the expenses for such programs are
18 reasonable and prudent. On or before July 1, 2012, the Water Planning
19 Council, established pursuant to section 25-33o of the general statutes,
20 shall submit a report to the authority and the Energy Efficiency Board
21 within the Department of Energy and Environmental Protection that
22 identifies recommended conservation programs and measures for
23 consideration by the authority during such generic docket and for
24 possible inclusion in the comprehensive conservation and load
25 management plan prepared pursuant to section 16-245m of the general
26 statutes. The measures to be considered by the Water Planning Council
27 in making such recommendations shall include, but not be limited to:
28 (1) The use of renewable energy supplies, (2) meter equipment and
29 technology designed to promote timely price signals, and (3) programs
30 for consumers such as monthly billing, customer water audits, leak
31 detection programs, and rebates for the retrofit of fixtures and
32 appliances with water-efficient fixtures and appliances.

33 Sec. 2. (NEW) (*Effective from passage*) (a) The Public Utilities
34 Regulatory Authority shall authorize a water conservation and
35 sustainability adjustment charge or credit, in accordance with
36 subsections (b) and (c) of this section, whenever any water company,
37 as defined in section 16-1 of the general statutes, demonstrates that
38 during the twelve-month period that is the subject of such adjustment
39 such water company: (1) Did not recover the allowed revenues
40 approved by the authority pursuant to sections 16-19 and 16-262w of
41 the general statutes, as amended by this act, and (2) did not exceed
42 such water company's allowed rate of return pursuant to subsection
43 (g) of section 16-19 of the general statutes.

44 (b) (1) Any water company that intends to seek a water conservation
45 and sustainability adjustment charge or credit pursuant to subsection
46 (a) of this section shall indicate in such water company's rate
47 application filed pursuant to section 16-19 of the general statutes that
48 such water company will seek a water conservation and sustainability
49 adjustment charge or credit.

50 (2) Any water conservation and sustainability adjustment charge or
51 credit approved pursuant to subsection (a) of this section may be
52 assessed as a rate adjustment charge or credit on customer bills. Such
53 water conservation and sustainability adjustment charge or credit shall
54 be: (A) Calculated as a percentage based on the difference between the
55 actual revenues such water company collected during the subject
56 twelve-month period and the revenues authorized pursuant to the last
57 general rate case of such water company, (B) applied as a charge or
58 credit rate to customer bills for the twelve-month period following
59 approval by the authority pursuant to this section, (C) applied to all
60 customer classes, except public fire accounts, (D) applied on customer
61 bills rendered on or after February first of the calendar year in which
62 such adjustment is approved, and (E) in effect at the rate authorized
63 each year until new base rates are approved by the authority during
64 the next general rate case of such water company. The amount of such
65 conservation and sustainability adjustment shall be reset to zero as of
66 the effective date of any new base rates approved for such water
67 company pursuant to section 16-19 of the general statutes. For the
68 purposes of this section, the revenues authorized for such water
69 company shall not be adjusted for customer growth, except that the
70 revenues authorized for such water company shall include authorized
71 revenues for any customers acquired by such water company through
72 an acquisition approved by the authority pursuant to section 16-262n
73 of the general statutes.

74 (c) No proposed water conservation and sustainability adjustment
75 charge or credit shall become effective until the authority approves
76 such charge or credit pursuant to an administrative proceeding that
77 shall not be deemed a contested case pursuant to chapter 54 of the
78 general statutes. The authority may receive and consider comments
79 from interested persons and members of the public at such
80 administrative proceeding. Such administrative proceeding shall be
81 completed not later than thirty days after the filing of an application by
82 a water company for such adjustment charge or credit. In the event the
83 authority fails to render a decision on any such application at the

84 conclusion of such thirty-day period, such proposed water
 85 conservation and sustainability adjustment charge or credit may be
 86 applied by such water company until the authority renders a decision
 87 on such application, provided such water company shall refund to
 88 customers any such amounts collected from such customers in excess
 89 of any charges approved by the authority. Any approval or denial of
 90 such application by the authority pursuant to this subsection shall not
 91 be deemed an order, authorization or decision of the authority for the
 92 purpose of section 16-35 of the general statutes.

93 Sec. 3. Subsection (a) of section 7-239 of the general statutes is
 94 repealed and the following is substituted in lieu thereof (*Effective from*
 95 *passage*):

96 (a) The legislative body shall establish just and equitable rates or
 97 charges for the use of the waterworks system authorized herein, to be
 98 paid by the owner of each lot or building which is connected with and
 99 uses such system, and may change such rates or charges from time to
 100 time. Such rates or charges shall be sufficient in each year for the
 101 payment of the expense of operation, repair, replacements and
 102 maintenance of such system and for the payment of the sums herein
 103 required to be paid into the sinking fund. In establishing such rates or
 104 charges, the legislative body shall consider measures that promote
 105 water conservation and reduce the demand on the state's water and
 106 energy resources. Such rates or charges may include: (1) Rate designs
 107 that promote conservation, including, but not limited to, incremental
 108 block rates, seasonal rates, peak period rates and drought rates, (2)
 109 implementation of measures to provide timely price signals for
 110 consumers, (3) multi-year rate plans, (4) measures to reduce system
 111 water losses, and (5) funds for consumer programs that promote
 112 conservation through education and incentives or rebates for the
 113 retrofit of fixtures and appliances with water-efficient fixtures and
 114 appliances. No such rate or charge shall be established until after a
 115 public hearing at which all the users of the waterworks system and the
 116 owners of property served or to be served and others interested shall

117 have an opportunity to be heard concerning such proposed rate or
118 charge. Notice of such hearing shall be given, at least ten days before
119 the date set therefor, in a newspaper having a circulation in such
120 municipality. Such notice shall set forth a schedule of rates or charges,
121 and a copy of the schedule of rates or charges established shall be kept
122 on file in the office of the legislative body and in the office of the clerk
123 of the municipality, and shall be open to inspection by the public. The
124 rates or charges so established for any class of users or property served
125 shall be extended to cover any additional premises thereafter served
126 which are within the same class, without the necessity of a hearing
127 thereon. Any change in such rates or charges may be made in the same
128 manner in which they were established, provided, if any change is
129 made substantially pro rata as to all classes of service, no hearing shall
130 be required. The provisions of this section shall not apply to the sale of
131 bottled water.

132 Sec. 4. Subdivision (1) of section 16-262v of the general statutes is
133 repealed and the following is substituted in lieu thereof (*Effective from*
134 *passage*):

135 (1) "Eligible projects" means those water company plant projects not
136 previously included in the water company's rate base in its most recent
137 general rate case and that are intended to improve or protect the
138 quality and reliability of service to customers, including (A) renewal or
139 replacement of existing infrastructure, including mains, valves,
140 services, meters and hydrants that have either reached the end of their
141 useful life, are worn out, are in deteriorated condition, are or will be
142 contributing to unacceptable levels of unaccounted for water, or are
143 negatively impacting water quality or reliability of service if not
144 replaced; (B) main cleaning and relining projects; (C) relocation of
145 facilities as a result of government actions, the capital costs of which
146 are not otherwise eligible for reimbursement; [and] (D) purchase of
147 leak detection equipment or installation of production meters, and
148 pressure reducing valves; (E) purchase of energy-efficient equipment
149 or investments in renewable energy supplies; and (F) capital

150 improvements necessary to achieve compliance with flow standards
 151 for rivers and streams established in regulations adopted pursuant to
 152 section 26-141b.

153 Sec. 5. Subsection (i) of section 16-262w of the general statutes is
 154 repealed and the following is substituted in lieu thereof (*Effective from*
 155 *passage*):

156 (i) The amount of the WICA applied between general rate case
 157 filings shall not exceed [seven and one-half] ten per cent of the water
 158 company's annual retail water revenues approved in its most recent
 159 rate filing, and shall not exceed five per cent of such revenues for any
 160 twelve-month period. The amount of the adjustment shall be reset to
 161 zero as of the effective date of new base rates approved pursuant to
 162 section 16-19 and shall be reset to zero if the company exceeds the
 163 allowable rate of return by more than one hundred basis points for any
 164 calendar year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	7-239(a)
Sec. 4	<i>from passage</i>	16-262v(1)
Sec. 5	<i>from passage</i>	16-262w(i)

Statement of Purpose:

To authorize water company rates that support conservation measures and investments in infrastructure which promote water and energy conservation.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]